

Economic Impact Statement
LSA Document #13-533

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

[IC 4-22-2.1-1](#), this memorandum formalizes the Indiana Family and Social Services Administration (FSSA), Office of Medicaid Policy and Planning's (OMPP) analysis of the small business impact of proposed rule LSA Document #13-533, which modifies sections of [405 IAC 2](#).

The 1634 Conversion

In 2013, the Indiana General Assembly enacted legislation directing Indiana to convert from its current status as a "209(b) state" to a "1634 state" (hereinafter, the "1634 conversion"). See [IC 12-15-3-1.5](#) and [IC 12-15-2-3.5](#). Under the current 209(b) scheme, Indiana's criteria for determining Medicaid eligibility are more restrictive than the standards set by the Social Security Administration (SSA) to determine eligibility for Supplemental Security Income (SSI). By contrast, the 1634 conversion would align Indiana's Medicaid eligibility criteria with the federal SSI standards. As a 1634 state, OMPP will accept SSA's disability determinations for individuals seeking medical coverage and automatically enroll such individuals in Medicaid.

The 1634 conversion also involves elimination of Indiana's Medicaid spend-down program, in which an aged, blind, or disabled individual with income over the eligibility threshold must spend a certain amount of money on qualified medical expenses each month before Medicaid will pay for services. To minimize loss of coverage for those individuals currently using spend-down, the state is adopting an optional Medicaid category that offers eligibility to aged, blind, and disabled (ABD) individuals with income up to and including 100% of the Federal Poverty Level (FPL). Additionally, the state is increasing income disregards to raise the FPL income eligibility threshold for the Medicare Savings Program.

The projected implementation date for the 1634 conversion is June 1, 2014.

Impact on Small Business

The following section provides responses to the requirements outlined in [IC 4-22-2.1-5](#):

1. An estimate of the number of small businesses, classified by industry sector, that will be subject to the proposed rule.

[IC 5-28-2-6](#) defines a small business as a business entity that satisfies the following requirements:

- (1) On at least fifty percent (50%) of the working days of the business entity occurring during the preceding calendar year, the business entity employed not more than one hundred fifty (150) employees.
- (2) The majority of the employees of the business entity work in Indiana.

Small businesses are not subject to the proposed rule, as the 1634 conversion only impacts the criteria for determining Medicaid eligibility and the spend-down program. The requirements of the proposed rule fall on OMPP and individual Medicaid recipients, not small business such as Medicaid health care providers. Certain small business health care providers may have to modify their administrative procedures as a result of the 1634 transition; however, this rule does not impose any new requirements or costs for regulatory compliance on small businesses. Medicaid health care providers will be providing the very same services after the 1634 conversion. As such, small businesses are not subject to the proposed rule.

2. An estimate of the average annual reporting, record keeping, and other administrative costs that small business will incur to comply with the proposed rule.

As small businesses are not subject to this rule, this item is not applicable.

3. An estimate of the total annual economic impact that compliance will have on small businesses subject to the rule.

As small businesses are not subject to this rule, this item is not applicable.

4. A statement justifying any requirement or cost that is imposed by the proposed rule and not expressly required by law. The statement must reference any data, studies, or analyses relied upon by the agency in determining imposition of the requirement or cost is necessary.

As small businesses are not subject to this rule, this item is not applicable.

5. Any regulatory flexibility analysis that considers any less intrusive or less costly alternative methods of achieving the same purpose.

As small businesses are not subject to this rule, this item is not applicable.

Other factors considered:

A. Establishment of less stringent compliance or reporting requirements for small businesses.

As small businesses are not subject to this rule, this item is not applicable.

B. Establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.

As small businesses are not subject to this rule, this item is not applicable.

C. Consolidation or simplification of compliance or reporting requirements for small businesses.

As small businesses are not subject to this rule, this item is not applicable.

D. Establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule.

As small businesses are not subject to this rule, this item is not applicable.

E. Exemption of small businesses from part or all of the requirements or costs imposed by the rule.

As small businesses are not subject to this rule, this item is not applicable.

If there are any programmatic or fiscal questions, please contact Matthew Cesnik at (317) 234-3394 or at matthew.cesnik@fssa.in.gov. Questions regarding any other aspect of the proposed changes should be addressed to Matt Branich at (317) 232-1246 or at matt.branich@fssa.in.gov.

Please contact Matt Branich at (317) 232-1246 or e-mail him at matt.branich@fssa.in.gov regarding the IEDC's comments about this proposed rule. The public hearing will be scheduled after receiving authorization from Legislative Services Agency to do so. Mr. Branich will then contact you to provide the date of the hearing for your convenience.

Posted: 02/26/2014 by Legislative Services Agency

An [html](#) version of this document.